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State's Economy Still Recovering

The Commerce Department figure for inflation-adjusted gross national product in the third quarter of the year shows the national economy moving out of recovery into an expansionary phase. The preliminary 7.9 percent growth estimate for the July-September quarter brought real GNP to an all-time high, 1.9 percent above the previous peak reached two years ago.

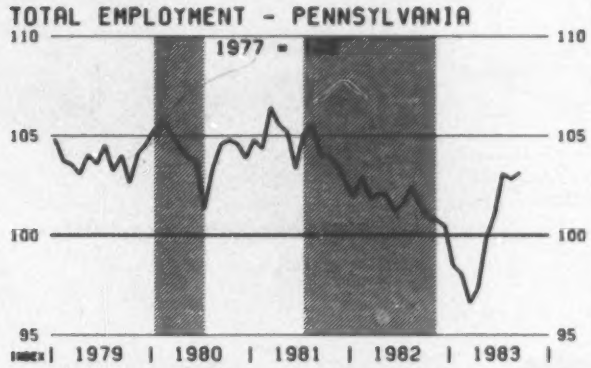
The Pennsylvania economy, on the other hand, must recover still more ground before expansion begins. While economic indicators in September show the state's economy steadily improving, it has a considerable way to go before pre-recession levels are attained.

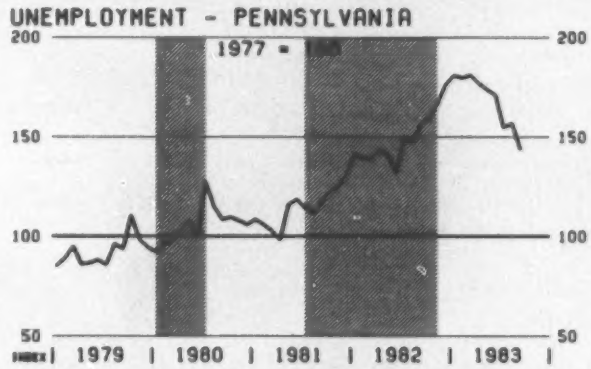
The seasonally adjusted level of total employment in the nation has been higher than the July 1981 level since June of this year while total employment in the state in October remained almost 1.5 percent below its level in the first month of the recession. The seasonally adjusted number of employed Pennsylvanians rose sharply from April through July but then leveled off just under the 5 million mark.

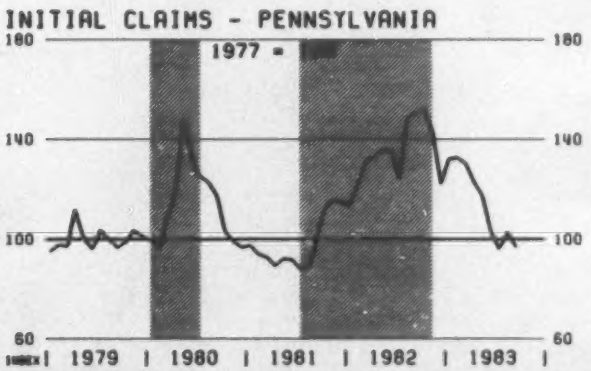
But unemployment continued to drop dramatically in Pennsylvania. The seasonally adjusted unemployment rate for the state fell a substantial 1.1 percentage points to 10.4 percent in September and another 0.5 percentage point to 9.9 percent in October while it slid from 9.5 to 9.3 and 8.8 percent nationally. The state's rate is 3.7 percentage points below the record high of 13.6 percent registered in January and compares to a total drop of 2 percentage points in the national rate from its high of 10.8 percent in December. Nevertheless, both national and state rates remained above pre-recession levels.

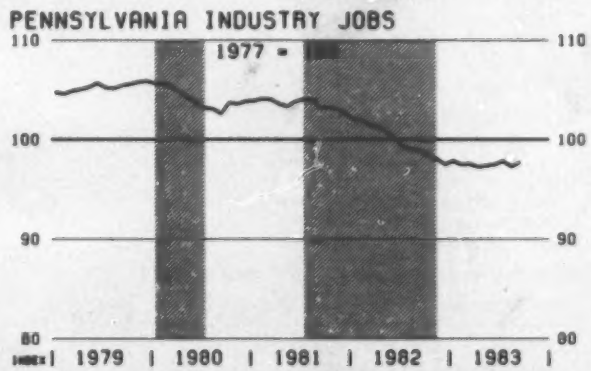
Job levels have also not yet regained pre-recession levels. September's job level for all nonagricultural industries in the nation was still 1.1 percent below the July 1981 level, and, in the state, it was 6.1 percent below its pre-recession level.

The differential rates of recovery between the nation and the state are clearly evident in this measure. While the nation has regained 64 percent of all nonfarm industry jobs lost during the recession, the state has









PENNSYLVANIA BUSINESS SURVEY

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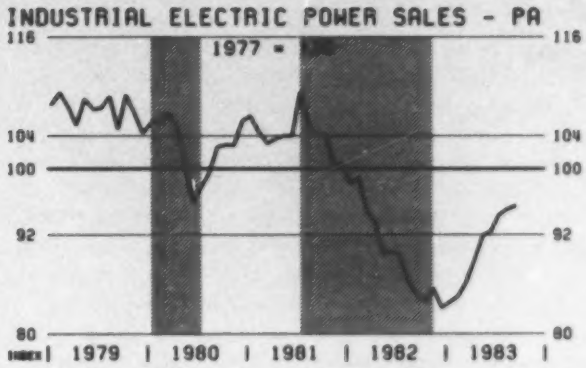

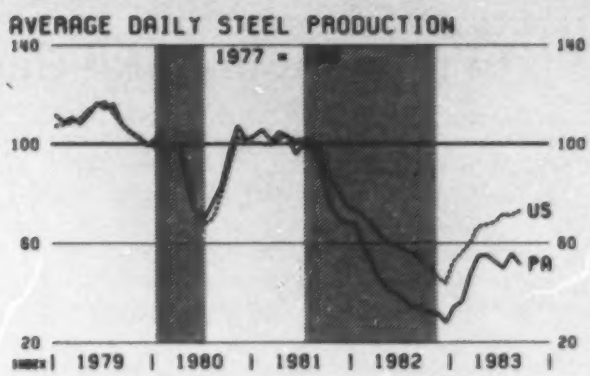

regained less than 7 percent. Pennsylvania's total nonfarm industry job level has been fairly flat since the end of last year.

The manufacturing sector has been one of the weakest sectors. Only about 9000 jobs had been gained in the state by September after accounting for usual seasonal variation compared to the 223,000 jobs lost during the recession.

Pennsylvania's nonmanufacturing sector also showed little strength in employment in September. The seasonally adjusted job level in these industries rose 0.6 percent from the month earlier, but most of the rise was

Economic Activity in Pennsylvania	1983 Aug.	1983 Sept.	1982 Sept.	Seasonally Adjusted Indexes (1977 = 100) 1983 Aug.	1983 Sept.	1982 Sept.
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,479.*	4,496.	4,540.	97.3*	97.7	98.9
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,353.*	3,373.	3,392.	103.9*	104.5	105.1
Manufacturing						
No. of wage and salaried jobs (thous.)	1,104.*	1,109.	1,143.	81.5*	81.4	84.1
Ave. wkly. hrs. worked by prod. workers	39.5*	40.0	37.8	100.1*	101.0	95.4
Total wkly. person-hours worked (mils.)	29.8*	30.4	29.4	77.4*	78.4	75.9
Total wkly. payroll (mil. dols.)	267.5*	274.7	255.4	118.9*	120.7	112.3
Steel production (thous. tons)	1,088.	1,056.	703.	56.	52.	34.
Industrial electric power sales (mil. kwh)	3,520.	3,571.	3,197.	95.	96.	85.
Mining						
Anthracite coal (thous. net tons)	449.	443.	340.	81.	92.	71.
Bituminous coal (thous. net tons)	5,820.	5,568.	5,924.	78.	72.	77.
Construction contracts awarded (mil. dols.)						
Total	557.2	482.7	422.1*	161.	151.	138.*
Residential building	245.5	221.5	145.1*	133.	124.	84.*
Other building	178.3	139.4	140.7*	150.	120.	118.*
Nonbuilding (utilities and public works)	133.3	121.9	136.3*	230.	251.	271.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,035.	4,964.	4,886.	102.8	103.1	101.5
Unemployed						
No. of persons (thous.)	610.	549.	601.	156.7	143.7	156.3
Rate (percentage of labor force)	10.8	10.0	11.0			
Rate, seasonally adjusted	11.5	10.4	11.4			
Civilian labor force, no. of persons (thous.)	5,645.	5,512.	5,487.	107.0	106.2	105.7
Initial claims for unemployment benefits	128,055.	114,341.	176,988.	102.8	96.7	150.6

Consumer Prices, all items	Urban Indexes (1967 = 100) 1983 Aug.	1983 Sept.	1982 Sept.	Percentage Change Month Ago	Year Ago
U.S. city average	300.3	301.8	293.3	+0.5	+2.9
Philadelphia	289.9	291.4	283.0	+0.5	+3.0
Pittsburgh	310.2	n.a.	291.4†	n.a.	+6.5
Northeast PA	n.a.	287.2	276.0	n.a.	+4.1

NOTES: Data on employment have been revised to first quarter 1982 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for Aug. 1982 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	Coincident	Leading	Coincident
February	95.4	82.9	−2.7	−1.8
March	98.4	83.7	+3.2	+0.9
April	100.2	84.1	+1.9	+0.6
May	100.5	85.6	+0.3	+1.7
June	101.6	86.5	+1.1	+1.1
July	101.8	87.7	+0.2	+1.3
August	101.8	87.4	0.0	−0.4
September	102.8	87.8	+0.9	+0.5

due to the return of approximately 14,800 striking communication workers.

Employment conditions in the state are expected to improve in the fourth quarter. Both the average length of the factory workweek and initial claims for unemployment compensation, which are leading indicators for employment conditions, improved in September.

Average weekly hours worked by production workers in the state's manufacturing sector rose to a seasonally adjusted 39.9 hours — its highest rate since September 1979 before the two recent back-to-back recessions. Therefore, any further increases in production should lead to higher job levels in the coming months.

Because of the increased hours, total factory payrolls rose 1.3 percent from a month earlier after adjustments for inflation and normal seasonal variation. But they remained 30 percent below the average level that prevailed in 1978-79.

The seasonally adjusted index for new unemployment compensation claims fell back down below the 1977 average for the second time in three months. This shows that the number of newly laid-off workers is small relative to recent experience.

Nevertheless, Pennsylvania continued to have the third highest insured unemployment rate among the states in the week ending September 24. The state's unadjusted rate of 4.3 percent compares to a national average of 2.8 percent. These rates do not reflect unemployed persons not eligible for benefits and those who have exhausted their benefits.

The state's economy as a whole has followed a general upward course since March. September's 0.5 percent rise in the composite index of coincidental indicators was the sixth rise in seven months. In August, the index dipped 0.4 percent.

September also registered the ninth consecutive monthly increase in the seasonally adjusted level of sales of electricity to industrial users, a measure which reflects short-run changes in industrial output. However, September's increase of 0.4 percent was the smallest in the nine months. The level of sales has risen 14.8 percent from December's low, but remains 12.6 percent below the July 1981 peak level.

Despite the overall growth in the state's economy, certain industry groups are still sluggish. For example, primary metals and mining remain mired down by recession cutbacks.

The average daily level of steel produced in the state fell a seasonally adjusted 7.9 percent in September from a month earlier while total national production rose 2.6 percent. This brought Pennsylvania's share of the U.S. total down to 14.8 percent from 15.4 percent a month earlier. Before the most recent recession, better than 20 percent of all steel mill products produced in the U.S. had come from Pennsylvania.

The state's mining industry group, whose fortunes are closely linked to those of the state's steel industry, is still producing at extremely low levels. However, the usual seasonal decline in the amount of anthracite coal mined did not take place in September. Therefore, the seasonally adjusted level rose a healthy 13.5 percent from a month earlier. In addition, the amount of bituminous coal mined in the state rose 13.4 percent in August but fell back 7.9 percent in September. No clear upward trend in this measure is evident.

The total value of contract construction awards fell back somewhat in September from a month earlier, but the year-to-date figure remained more than 3 percent ahead of last year's figure. September's decline came from residential and commercial building awards. The value of nonbuilding awards advanced slightly after seasonal adjustment.

In sum, the state's economy is continuing to recover from the recession although at a slower pace than the nation as a whole. But there is no reason to believe that it should not continue to improve in the next few months. The healthy 0.9 percent rise in the Pennsylvania composite index of leading indicators suggests that the recovery may even pick up this quarter.

— Norma I. Gavin

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Around the State

Southeastern Quarter

Harrisburg

The Harrisburg area economy continued to be one of the strongest among the state's metropolitan areas. The area's employed work force fully recovered its pre-recession level and expanded in the July-September quarter. The 4.1 percent increase in the seasonally adjusted number of employed area residents brought the total to a level 1.9 percent higher than the previous peak in the first quarter of 1981.

At the same time, the number of jobless residents seeking employment fell substantially. The seasonally adjusted unemployment rate dropped 0.9 of a percentage point to 6.2 percent. Among the state's metropolitan areas, only Lancaster registered a lower rate.

Job levels also improved in the area. The seasonally adjusted level of jobs in all nonfarm industries rose for the second consecutive quarter. Third-quarter's 1.4 percent rise followed a 0.4 percent increase in the second quarter.

The manufacturing sector continued to dampen job totals. Although the number of factory jobs rose a seasonally adjusted 2.3 percent in the third quarter, it remained 8.9 percent below the 1979 average. Nevertheless, prospects for future job gains in the manufacturing sector are good because the factory workweek continued to lengthen last quarter.

The seasonally adjusted number of nonmanufacturing jobs rose a smaller 1.2 percent last quarter but was almost back up to pre-recession levels.

The improving but still depressed manufacturing sector in the Harrisburg area was also evident in sales of electrical power to area industries. Seasonally adjusted sales rose 3.5 percent last quarter but were still 12.4 percent below the average sales level in 1979.

Substantial gains were made in the value of contract construction awards in the Harrisburg area compared to values a year earlier. The nine-month total value of awards for residential building construction was 56 percent ahead of the year-earlier figure while the value for nonresidential building construction was more than double the 1982 figure.

Lancaster

The Lancaster area economy was recovering well last quarter, with marked gains in employment and with industrial electric power sales at levels above pre-recession highs.

The seasonally adjusted number of employed area residents rose a substantial 3.6 percent after rising 1.9 percent the quarter earlier. Only in the first quarter of 1980 was the level of employment higher than last quarter's level.

In addition, Lancaster continued to have the lowest unemployment rate among Pennsylvania's 14 metropolitan areas. Last quarter, the seasonally adjusted jobless rate was 5.9 percent, down from 6.9 percent in the second quarter and a high of 8 percent in the first quarter.

The total factory job level rose 2.8 percent in the July-September quarter after seasonal adjustment but remained 10 percent below the 1979 average. Last quarter's employment gains were concentrated in the area's durable goods manufacturing industries.

The area's nonmanufacturing job level has remained fairly constant at about 94,000 workers since late 1979.

Further gains in the factory job level are suggested by the second consecutive quarterly gain in the length of the workweek. Last quarter, average weekly hours worked by production workers in the area's factories rose to its highest level since first quarter 1981.

Sales of electrical power to area industries suggest an expanding economy in the Lancaster area. Seasonally adjusted sales rose to a new high for the second

Harrisburg Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	231.1	113.	108.	106.
Unemployed, no. of residents	14.2	121.	136.	129.
Civilian labor force, no. of residents	245.3	113.	110.	111.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	222.7	106.	105.	106.
Nonmfg. only, no. of jobs	182.1	108.	107.	107.
Mfg. only, no. of jobs	40.4	99.	97.	99.
Hrs. worked by production workers in mfg., *ave. weekly*	40.0	101.	100.	98.
Industrial electric power sales	***	95.	92.	85.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Quarter Ago	Year Ago
Residential contracts only	31.9	+18.1	+85.5
Nonresidential bldg. contracts only	19.7	−31.8	+68.4

[1]Cumberland, Dauphin, and Perry Counties.

Lancaster Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	177.8	111.	107.	108.
Unemployed, no. of residents	10.2	129.	150.	158.
Civilian labor force, no. of residents	188.0	112.	109.	111.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	148.6	105.	104.	105.
Nonmfg. only, no. of jobs	93.3	111.	111.	110.
Mfg. only, no. of jobs	55.2	97.	94.	97.
Hrs. worked by production workers in mfg., *ave. weekly*	39.7	101.	99.	97.
Industrial electric power sales	***	114.	109.	97.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Quarter Ago	Year Ago
Residential contracts only	30.6	+ 1.3	+73.9
Nonresidential contracts only	4.3	−89.8	−54.7

[1]Lancaster County

consecutive quarter. Last quarter's 4.1 percent increase followed an 11 percent gain in the second quarter. The quarterly level of sales was 7.9 percent higher than the previous peak in third quarter 1981. The increases are due for the most part to the new Air Products and Chemical Industries plant.

In addition, the residential construction industry has made strong gains from a year earlier. The nine-month total value of awards was 77 percent ahead of the year-ago total.

However, the commercial construction industry in Lancaster remains depressed. The cumulative value of awards for nonresidential buildings in the first three quarters of the year was 60 percent behind last year's three-quarter total.

Philadelphia

More Philadelphians than ever before were employed last quarter, but job levels failed to register any appreciable gains.

The seasonally adjusted number of area residents employed in the third quarter rose 2.2 percent after rising 2.1 percent the quarter earlier. The third-quarter level was 0.4 percent higher than the previous quarterly high in the first quarter of 1981.

The third quarter also registered the second consecutive quarterly decline in the metropolitan area's jobless rate. The seasonally adjusted unemployment rate fell to 8.3 percent in the third quarter from 9 percent in the second quarter. A high of 9.3 percent was reached in the first quarter of the year.

At the same time, the job level in the area's manufacturing sector was essentially unchanged after seasonal adjustment. The factory job level has been flat since the beginning of the year, remaining 15.2 percent below the 1979 average.

The nonmanufacturing job level has also been flat throughout this year. The small job loss that took place in the first year of the recession was regained by the second half of 1982.

However, sales of electrical power to Philadelphia area industries show an increased rate of industrial activity. The seasonally adjusted level of sales rose 3.9 percent last quarter, after rising 2.6 percent the quarter earlier, but remained 3.2 percent below their average level in 1979.

The value of contract construction awards also show increased activity in the area. The nine-month total value of awards for residential building construction was 47 percent ahead of last year's nine-month total. And, although the nine-month total value for nonresidential buildings was 9 percent behind last year's total, significant gains were made in the third quarter from levels in the second quarter and in the third quarter of last year.

Reading

The Reading area economy expanded last quarter. Both total employment and industrial electric power sales reached new highs while job levels improved significantly but remained below pre-recession peaks.

Total employment of area residents surged ahead 5.3 percent after seasonal adjustment. Last quarter's rise followed a 3.1 percent increase in the second quarter and brought the seasonally adjusted level to 1.9 percent above its previous peak reached two years ago.

The area's jobless rate also fell dramatically in the last two quarters. The seasonally adjusted rate fell from a peak level of 11.6 percent in the first quarter to 10.2 percent in the second quarter and 8.5 percent in the third quarter — the lowest rate registered since third quarter 1981.

The 10.4 percent increase in the seasonally adjusted level of sales of electricity to industrial users brought it just past the previous peak registered in the first quarter of 1979. Last quarter's rise was the third consecutive

Philadelphia Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	2,063.6	108.	106.	106.
Unemployed, no. of residents	181.4	103.	112.	104.
Civilian labor force, no. of residents	2,245.0	108.	106.	106.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	1,888.0	103.	103.	104.
Nonmfg. only, no. of jobs	1,497.5	109.	108.	108.
Mfg. only, no. of jobs	385.8	86.	86.	89.
Hrs. worked by production workers in mfg., ave. weekly	n.a.	n.a.	99.	97.
Industrial electric power sales				
Metropolitan area	***	100.	96.	94.
Chester	***	97.	94.	91.
Philadelphia	***	99.	97.	94.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	232.2	– 3.9	+26.5
Nonresidential contracts only	265.5	+85.6	+54.0

[1] Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

Reading Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	149.8	110.	105.	106.
Unemployed, no. of residents	12.8	145.	176.	165.
Civilian labor force, no. of residents	162.6	112.	109.	110.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	135.3	103.	102.	102.
Nonmfg. only, no. of jobs	84.1	105.	104.	105.
Mfg. only, no. of jobs	50.9	100.	98.	97.
Hrs. worked by production workers in mfg., ave. weekly	40.2	103.	102.	97.
Industrial electric power sales	***	121.	109.	95.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	17.9	–26.6	+101.1
Nonresidential contracts only	7.9	–57.1	+ 83.7

[1] Berks County

quarterly increase; sales have risen 28.7 percent since the fourth quarter of 1982.

Job levels in both the area's manufacturing and nonmanufacturing industries rose in the July-September quarter. The 2 percent increase in the seasonally adjusted factory job level was the third consecutive quarterly increase but left the level 7.3 percent short of the 1979 average.

Nevertheless, the length of the factory workweek rose above pre-recession levels in the third quarter, suggesting further increases in the manufacturing job level in the coming months.

The seasonally adjusted level of nonmanufacturing jobs rose 1.2 percent, regaining the losses of a quarter earlier. However, the job level in these industries remained 1.3 percent below the first-quarter-1981 peak.

Reading's construction industry also picked up. The nine-month total value of residential building awards was 90 percent more than last year's value while the nine-month total for nonresidential buildings was 66 percent ahead of last year's.

York

Although most economic indicators for the York metropolitan area show improvements in the third quarter, the area's economy remained the weakest among the metropolitan areas in the southeastern quarter of the state.

The seasonally adjusted level of employment rose 3.1 percent, after rising 2.2 percent in the second quarter, but remained 1.7 percent below the pre-recession high. The seasonally adjusted unemployment rate fell to 9.9 percent in the third quarter from 11.3 percent in the second quarter and a high of 12.9 percent in the first quarter of the year. The third-quarter rate was lower than the rates for most metropolitan areas of the state but was the highest among the metropolitan areas in the southeastern quarter.

The area's total nonfarm industry job level has been inching up since the beginning of the year. Last quarter's 0.5 percent increase followed gains of 0.1 percent in the second quarter and 0.3 percent in the first quarter.

All of last quarter's job gains came from the nonmanufacturing sector. The seasonally adjusted job level in these industries rose 1.4 percent, back up to its pre-recession level.

The second-quarter gain of 1.1 percent in the seasonally adjusted factory job level was lost as it dipped back down to first quarter's low in the third quarter. The job level in the area's manufacturing industries remained 14.5 percent below the 1979 average. The length of the factory workweek also remained below its 1979 average.

Industrial activity in the York area, as measured by sales of electrical power to industrial users, picked up momentum last quarter. The seasonally adjusted level of sales rose a strong 6.8 percent, after rising 5.4 percent a quarter earlier, but remained 11.6 percent below the 1979 average.

Construction activity in York remained lackluster. The cumulative value of construction contracts for residential buildings in the first three quarters was 14 percent ahead of last year's three-quarter total while the cumulative value for nonresidential buildings was less than half of last year's value.

York Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	166.8	111.	107.	109.
Unemployed, no. of residents	17.5	176.	205.	206.
Civilian labor force, no. of residents	184.3	115.	113.	115.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	148.7	104.	104.	105.
Nonmfg. only, no. of jobs	91.0	111.	109.	110.
Mfg. only, no. of jobs	56.7	95.	96.	99.
Hrs. worked by production workers in mfg., *ave. weekly*	41.0	100.	100.	98.
Industrial electric power sales	***	98.	92.	87.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	22.6	- 5.8	-31.3
Nonresidential contracts only	9.4	+59.3	-29.3

[1]Adams and York Counties.

Northeastern Quarter

Lehigh Valley

The third quarter marked strong gains in employment and in industrial activity in the Lehigh Valley metropolitan area. But economic indicators for the area still had not reached pre-recession levels.

The seasonally adjusted number of area residents employed last quarter rose 3.7 percent, after rising 1.9 percent the quarter earlier, but remained 4.5 percent below its peak in the first quarter of 1980.

In addition, the number of unemployed area residents dropped dramatically in the last two quarters. The seasonally adjusted unemployment rate fell from a monthly average of 13.5 percent in the first quarter to 12.6 percent in the second quarter and 10.9 percent last quarter.

At the same time, job levels rose in both the area's manufacturing and nonmanufacturing sectors. The seasonally adjusted level of factory jobs rose 1.3 percent from second quarter's low but remained 20.4 percent below the 1979 average. A related measure, the length of the factory workweek, was just short of its 1979 average after seasonal adjustment.

The seasonally adjusted job level in the area's nonmanufacturing sector rose a smaller 0.9 percent but was only 1.4 percent below the peak level registered in the third quarter of 1981.

Furthermore, last quarter marked the third consecutive quarterly rise in industrial electric power sales. The

seasonally adjusted level of sales rose 4.5 percent in the third quarter and was 10.6 percent above the low registered in the fourth quarter of last year. Bethlehem city, which had registered the sharpest decline in sales, had regained more than 83 percent of the sales lost during the recession by the third quarter. Areawide sales remained 4.8 percent below the 1979 average.

The construction industry has made great strides so far this year in the Lehigh Valley area. The value of residential construction contracts in the first nine months of the year was almost two and a half times the value in the first nine months of last year. At the same time, the value of awards for commercial buildings was 30 percent above last year's value.

Northeast

The Northeast area economy continued to recover at a moderate pace in the third quarter.

The seasonally adjusted number of area residents employed in the July-September quarter was 3.3 percent higher than a quarter earlier. This increase was the second consecutive quarterly increase and brought the employment level to less than 1 percent below its previous peak level in the first quarter of 1981.

Concurrently, unemployment fell for the second consecutive quarter. The seasonally adjusted unemployment rate in the third quarter was 12.4 percent in Wilkes-Barre, 10.1 percent in Scranton, and 11.6 percent in the metropolitan area as a whole. The area's high was 12.5 percent registered in the first quarter of this year.

The number of nonfarm industry jobs rose a meager 0.2 percent after seasonal adjustment. This rise was due to a 1.5 percent increase in the seasonally adjusted factory job level. The seasonally adjusted job level in the area's nonmanufacturing industries fell a slight 0.3 percent.

Lehigh Valley Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	281.8	101.	98.	101.
Unemployed, no. of residents	32.3	156.	184.	162.
Civilian labor force, no. of residents	314.1	105.	104.	105.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	247.8	96.	95.	98.
Nonmfg. only, no. of jobs	159.1	107.	106.	107.
Mfg. only, no. of jobs	88.3	81.	80.	84.
Hrs. worked by production workers in mfg., *ave. weekly*	38.3	100.	100.	98.
Industrial electric power sales				
Metropolitan area	***	105.	100.	96.
Allentown	***	99.	95.	95.
Bethlehem	***	110.	102.	95.
Easton	***	96.	110.	109.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	51.8	−15.5	+103.9
Nonresidential contracts only	54.2	+71.0	+208.0

[1]Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

Both the manufacturing and nonmanufacturing job levels remained below pre-recession highs. The factory job level was 15.9 percent below the 1979 average while the nonmanufacturing job level was 1.6 percent below its 1979 average and 2.2 percent below its peak reached in the first quarter of 1981.

The seasonally adjusted length of the factory workweek reached its highest level in almost 10 years in the second quarter and remained essentially unchanged in the third quarter. The long workweek should put pressure on employers to hire back workers in the coming months for any further increases in production.

Industrial electric power sales, which reflect short-run changes in industrial output, rose a seasonally adjusted 1.1 percent last quarter. Sales were 6.2 percent above the low reached in the fourth quarter of 1982 but remained 3.3 percent below the level of two years earlier.

Residential building construction in the Northeast metropolitan area has picked up considerable momentum from a year earlier, but nonresidential building construction continued to lag. The nine-month cumulative value of awards for residential building contracts was 82 percent more than the comparable value for 1982 while the cumulative value for nonresidential building contracts was 30 percent below last year's value.

Northeast Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents				
Northeast metropolitan area	265.4	105.	102.	103.
Lackawanna County[2] only	94.4	105.	102.	103.
Luzerne County[3] only	142.2	105.	102.	103.
Unemployed, no. of residents				
Northeast metropolitan area	32.2	119.	130.	115.
Lackawanna County[2] only	10.2	107.	120.	104.
Luzerne County[3] only	19.6	129.	137.	118.
Civilian labor force, no. of residents				
Northeast metropolitan area	297.5	106.	104.	104.
Lackawanna County[2] only	104.6	105.	104.	103.
Luzerne County[3] only	161.8	107.	105.	104.
Local industries, Northeast metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	231.9	99.	98.	99.
Nonmfg. only, no. of jobs	169.9	104.	104.	104.
Mfg. only, no. of jobs	61.5	87.	86.	89.
Hrs. worked by production workers in mfg., *ave. weekly*	37.7	104.	104.	101.
Industrial electric power sales				
Northeast metropolitan area	***	99.	98.	95.
Lackawanna County[2] only	***	96.	95.	95.
Luzerne County[3]	***	94.	92.	90.
Hazleton	***	85.	86.	86.
Wilkes-Barre	***	97.	92.	85.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	28.9	+ 4.0	+80.6
Nonresidential contracts only	23.8	+357.7	−31.4

[1]Lackawanna, Luzerne, and Monroe Counties
[2]Includes Scranton
[3]Includes Wilkes-Barre and Hazleton

Williamsport

The Williamsport area economy improved last quarter but gave one of the weakest showings among the economies of the state's metropolitan areas. Williamsport experienced the smallest percentage increase in total resident employment, and the number of nonfarm industry jobs in the area continued to decline from a quarter earlier. Total nonfarm job levels increased in all other metropolitan areas of the state, except Sharon, where it remained essentially unchanged after seasonal adjustment.

The seasonally adjusted number of area residents employed rose 2 percent in the third quarter, after rising 1.1 percent in the second quarter, but remained 5.8 percent below the 1979 average.

The seasonally adjusted unemployment rate for the area fell 1.2 percentage points to 14.3 percent in the third quarter. Although this drop was substantial, it was not as much as in other areas. As a result, Williamsport had the fourth highest rate among the state's metropolitan areas in the third quarter compared to the sixth highest in the second quarter. Pittsburgh and Erie now have lower rates; Johnstown, Altoona and Sharon all have higher rates.

The total nonfarm industry job level fell a seasonally adjusted 0.9 percent in the third quarter. The drop was due to a 2.2 percent decline in the seasonally adjusted factory job level. The job level in the area's nonmanufacturing sector was essentially unchanged after seasonal adjustment. The nonfarm total was 11.4 percent below its 1979 average.

On a more positive note, the factory workweek increased for the second consecutive quarter and was back up to its 1979 average in the third quarter.

Sales of electrical power to area industries also increased for the second consecutive quarter. Third quarter's 3.2 percent increase in the seasonally adjusted level of sales followed a 3.7 percent increase in the previous quarter. Nevertheless, they remained 10.4 percent below their 1979 average.

The area's construction industry has made considerable improvement this year. The value of residential building construction contracts in the first nine months of the year was more than double the value in the first nine months of last year, and the comparable figure for nonresidential buildings was 20 percent more than the year-earlier value.

Northwestern Quarter

Erie

The Erie area economy experienced some strong gains in the third quarter. But because economic activity was so severely curtailed during the recession, much more improvement is needed before we can confidently say recovery has taken hold in the area.

The seasonally adjusted level of total employment of area residents surged 4.3 percent ahead of its level a quarter earlier. The third-quarter rise was the second consecutive quarterly increase, following a 1.8 percent rise in the second quarter. Nevertheless, it remained 4.9 percent below the 1979 average.

At the same time, the seasonally adjusted jobless rate plummeted to 13.5 percent from 15.8 percent in the second quarter and its high of 16.4 percent in the first quarter.

Last quarter was the first quarter since the beginning of the recession that the seasonally adjusted job level in all nonfarm industries rose in Erie. The 0.9 percent rise in the total was due to a 1.3 percent increase in nonmanufacturing industry jobs. The factory job level rose only the usual seasonal amount.

The seasonally adjusted number of manufacturing industry jobs remained 22.6 percent below the 1979 average while nonmanufacturing industry jobs were 3.2 percent below their 1979 average in the third quarter.

The average length of the factory workweek has improved considerably this year. By the end of the third

Williamsport Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	46.0	98.	96.	100.
Unemployed, no. of residents	7.2	161.	179.	134.
Civilian labor force, no. of residents	53.1	103.	103.	103.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	42.8	93.	94.	97.
Nonmfg. only, no. of jobs	29.0	103.	103.	104.
Mfg. only, no. of jobs	13.6	76.	78.	86.
Hrs. worked by production workers in mfg., *ave. weekly*	39.3	101.	100.	102.
Industrial electric power sales	***	94.	91.	91.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	4.0	+ 2.6	+110.5
Nonresidential contracts only	6.9	+885.7	+ 16.9

[1]Lycoming County

Erie Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	113.1	101.	97.	101.
Unemployed, no. of residents	16.5	189.	221.	166.
Civilian labor force, no. of residents	129.6	108.	106.	106.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	105.1	95.	94.	97.
Nonmfg. only, no. of jobs	69.8	104.	102.	104.
Mfg. only, no. of jobs	34.9	81.	81.	87.
Hrs. worked by production workers in mfg., *ave. weekly*	41.1	101.	99.	97.
Industrial electric power sales	***	85.	77.	84.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	12.9	0.0	– 31.0
Nonresidential contracts only	11.0	+74.6	+134.0

[1]Erie County

quarter, it rose above the 1979 average. Thus, the area's factories are poised for job gains in the fourth quarter.

In addition, industrial electric power sales rose a strong 9.9 percent after seasonal adjustment. Last quarter's rise was the third consecutive quarterly rise and brought the job level up to its highest level since fourth quarter 1981. Nevertheless, sales remained 22 percent below their 1979 average.

Erie's residential construction industry was not posting the gains that other metropolitan areas were recording. The nine-month cumulative value of awards for residential building construction was just barely keeping up with last year's value. However, the value of nonresidential building awards in the first three quarters was 20 percent ahead of last year's value.

Sharon

The Sharon area economy remained mired down from recession cutbacks. Although improvements took place in total employment, industrial electric power sales, and residential construction activity, job levels and nonresidential construction continued to drag.

The most remarkable improvement in the area's economy in the third quarter was the steep 3.2 percentage point drop in the seasonally adjusted unemployment rate to 16.7 percent. The third-quarter drop followed a decline to 19.9 percent in the second quarter from the recession high of 21.2 percent in the first quarter. Nevertheless, Sharon maintained its position of having the second highest unemployment rate among the state's metropolitan areas. Only Johnstown's rate of 18.9 percent was higher.

The seasonally adjusted number of area residents employed rose 3.2 percent in the third quarter to its highest level in a year. Third quarter's increase followed a 1.9 percent increase in the second quarter.

Job levels were still heading down last quarter, but at a much reduced rate. Although the sharp decline in factory jobs was checked in the third quarter, another 0.7 percent of nonmanufacturing jobs was lost after seasonal adjustment.

Sharon Area[1]

	Ave. mo. value 3 Q.'83	Average monthly index seas. adj. (1977 = 100) 3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	45.0	92.	89.	96.
Unemployed, no. of residents	8.7	214.	268.	212.
Civilian labor force, no. of residents	53.7	102.	103.	105.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	39.2	86.	87.	93.
Nonmfg. only, no. of jobs	28.8	99.	100.	102.
Mfg. only, no. of jobs	10.4	64.	64.	77.
Industrial electric power sales	***	113.	106.	87.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Quarter Ago	Year Ago
Residential contracts only	5.3	−33.8	+71.0
Nonresidential contracts only	6.1	+19.6	+60.5

[1]Mercer County

The seasonally adjusted factory job level was 38.5 percent below its 1979 average and the nonmanufacturing job level was 7.4 percent below its peak registered in the second quarter of 1981.

Sales of electrical power to area industries rose for the fourth consecutive quarter. The 6.7 percent increase in the seasonally adjusted level of sales brought the total increase to 30.5 percent from the low of a year ago. Nevertheless, it remained 5.8 percent below the peak level of two years ago.

As in other metropolitan areas, the residential building construction industry was picking up while the commercial building industry remained in the doldrums. The cumulative nine-month value of awards for residential buildings was ahead of the year-earlier figure by 71 percent while the comparable value for nonresidential buildings was 77 percent behind last year's value.

Southwestern Quarter

Altoona

The Altoona area economy made substantial advances in the third quarter although its manufacturing and construction industries continued to be mired down by recession cutbacks.

The seasonally adjusted level of total employment rose 3.8 percent in the third quarter after rising 1.3 percent in the quarter earlier. In addition, the seasonally adjusted jobless rate fell to 15.5 percent from second quarter's high of 17.5 percent. Nevertheless, total employment remained 7.5 percent below its 1979 average, and the area's unemployment rate continued to be the third highest among the state's metropolitan areas.

The total nonfarm industry job level regained the losses of a quarter earlier. The increase came solely from the area's nonmanufacturing industries. The overall

Altoona Area[1]

	Ave. mo. value 3 Q.'83	Average monthly index seas. adj. (1977 = 100) 3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	50.4	94.	91.	90.
Unemployed, no. of residents	8.5	212.	248.	164.
Civilian labor force, no. of residents	58.8	103.	102.	100.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	46.3	89.	88.	92.
Nonmfg. only, no. of jobs	35.1	91.	90.	93.
Mfg. only, no. of jobs	11.0	82.	83.	88.
Hrs. worked by production workers in mfg., ave. weekly	38.9	102.	100.	101.
Industrial electric power sales	***	78.	80.	78.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Quarter Ago	Year Ago
Residential contracts only	7.1	+ 7.6	+136.7
Nonresidential contracts only	1.0	−54.5	− 85.9

[1]Blair County

job level in these industries rose 1.8 percent after seasonal adjustment but remained 11 percent below the 1979 average.

The factory job level rose only the usual seasonal amount in the third quarter. It remained 17.6 percent below the 1979 average.

Factory workers worked longer hours in the third quarter. The average length of the factory workweek rose for the second consecutive quarter but also remained below its 1979 average. Thus, employment conditions have a long way to recover before pre-recession levels are met.

The seasonally adjusted level of industrial electric power sales fell 3 percent last quarter. Sales were 7.8 percent above the low of fourth quarter 1982 and remained 26.9 percent below the 1979 average.

The construction industry in the Altoona area also remained lackluster in the third quarter. Although the value of residential contract construction awards in the first three quarters was 14 percent ahead of last year's value, the value of nonresidential contract construction awards was 55 percent behind the value in the same period last year.

Johnstown

The Johnstown area economy experienced the greatest percentage increases in factory job totals and industrial electric power sales among the economies of the state's metropolitan areas. But economic activity was so severely curtailed during the two recent back-to-back recessions that Johnstown still has a long way to go before recovery is complete.

Johnstown continued to have the highest seasonally adjusted unemployment rate among the state's metropolitan areas. However, the rate dropped significantly from a high of 23.5 percent in the first quarter to 18.9 percent in the third quarter.

The drop in unemployment in the area was accompanied by employment gains. The seasonally adjusted level of total resident employment rose 4.1 percent last quarter, after rising 2.7 percent in the previous quarter. Nevertheless, it remained 13.3 percent below the 1979 average.

In addition, the third quarter marked the first quarterly rise in the nonfarm industry job level in two years. The seasonally adjusted factory job level rose a strong 5 percent while the nonmanufacturing job level rose 1.5 percent.

Nevertheless, job levels in both these sectors remained at depressed levels. The factory job level was 38.4 percent below its 1979 average, and the nonmanufacturing level was 12.4 percent below its 1979 average.

The length of the factory workweek rose last quarter to a seasonally adjusted 35.4 hours, which was well below the 39-40 hour average prevalent in the 1977-1979 period.

Industrial electric power sales rose a very strong 20 percent after rising 8.3 percent a quarter earlier but also was well below levels before the installation of Bethlehem Steel Corporation's electric furnace.

Finally, as expected, given the low level of industrial activity, commercial construction contracts were way behind last year's level. The value of awards in the first nine months of this year was 47 percent behind last year's nine-month total although there was a large gain in the third quarter.

At the same time, however, the residential construction industry had picked up. The cumulative value of awards for residential building construction was 55 percent ahead of last year's value.

Johnstown Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	88.8	87.	84.	81.
Unemployed, no. of residents	19.2	180.	230.	162.
Civilian labor force, no. of residents	108.1	98.	100.	97.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	74.5	84.	83.	88.
Nonmfg. only, no. of jobs	61.8	93.	91.	94.
Mfg. only, no. of jobs	12.7	59.	56.	66.
Hrs. worked by production workers in mfg., ave. weekly	36.9	94.	91.	88.
Industrial electric power sales	***	91.	76.	102.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	22.3	+ 15.2	+81.3
Nonresidential contracts only	7.1	+1053.3	-43.2

[1]Cambria and Somerset Counties

Pittsburgh

Progress toward recovery was made in the Pittsburgh area economy in the third quarter of the year. But the gains were small compared to total losses during the recession.

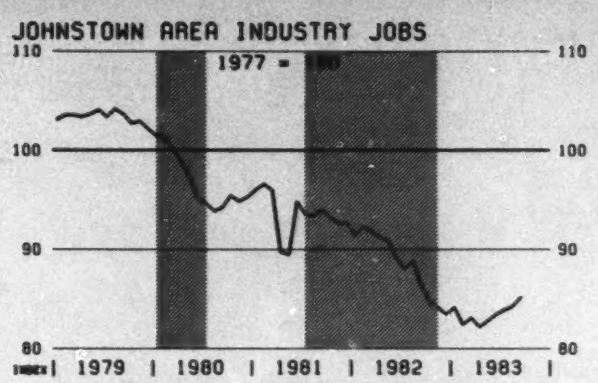
The seasonally adjusted number of area residents employed in the third quarter was up 3.5 percent from a quarter earlier but was still 6.9 percent below where it stood two years earlier.

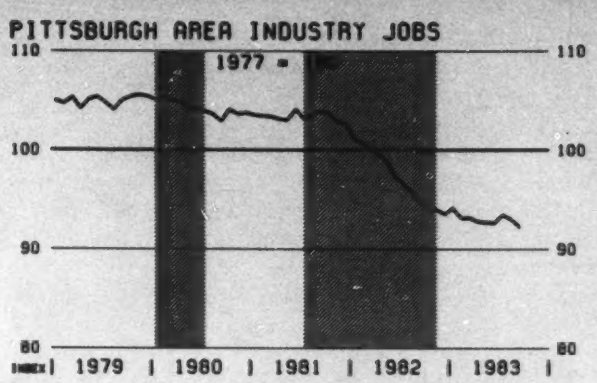
A dramatic decline in the seasonally adjusted jobless rate also took place in the third quarter. The rate dropped to 13.6 percent from 16.1 percent in the second quarter and a high of 16.3 percent in the first quarter.

At the same time, the factory job level continued to decline. But the seasonally adjusted 0.3 percent drop was small compared to the average quarterly drop of 5.1 percent in the preceding seven quarters. The Pittsburgh area has lost more than one-third of its manufacturing jobs in the two back-to-back recessions.

The factory workweek lengthened for the fourth consecutive quarter but remained below pre-recession levels. Thus, a little more slack must be reigned in before significant increases in job levels occur.

The level of nonmanufacturing jobs rose last quarter for the first time since fourth quarter 1981. However, the increase was a slight seasonally adjusted 0.3 percent. The job level in these industries remained 4.1 percent





below the peak in the first quarter of 1980.

Sales of electricity to industrial users fell back 1.4 percent last quarter after seasonal adjustment. The seasonally adjusted level of sales was 25 percent above the recession low in the fourth quarter of last year but remained 37.3 percent below the peak registered two years ago.

The construction industry was also showing some strength but not as much as in other areas of the state. Quarterly figures for the value of both residential and nonresidential building contracts were significantly above the figures for the same quarter last year, and the nine-month cumulative value of awards for residential building contracts was 25 percent ahead of the value for the same period a year ago, but the nine-month cumulative value for nonresidential building contracts was 9 percent behind last year's.

State College

The nonmanufacturing sector of the State College metropolitan area had fully recovered its pre-recession employment level by the third quarter and rose to a new high. But employment in the area's factories remained stuck at the bottom of the recession's trough.

Total employment of area residents jumped 6.5 percent after seasonal adjustment from its low in the first half of the year, regaining all recession losses in one quarter. At the same time, the seasonally adjusted jobless rate fell from a high of 11.8 percent in the first quarter to 9.8 percent — its lowest rate in a year.

The State College area experienced the highest percentage increase in total nonfarm industry jobs among the state's metropolitan areas last quarter. The nonmanufacturing job level rose a seasonally adjusted 3.2 percent from a quarter earlier, registering a new all-time high.

The factory job level was essentially unchanged after seasonal adjustment. The job level in the area's factories has remained about 13 percent below its peak level two years ago for the past 12 months.

Last quarter also marked the third consecutive increase in the seasonally adjusted level of industrial electric power sales. Sales rose 2.2 percent from a quarter earlier and were up 14.9 percent from the low in the fourth quarter of last year. But they remained 7.3 percent below the pre-recession high two years earlier.

The construction industry has been booming. The value of residential construction awards in the first nine months were more than double the value in the same period a year ago while the value of nonresidential construction awards were 74 percent more than last year's value.

— Norma I. Gavin

Pittsburgh Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	910.5	99.	96.	99.
Unemployed, no. of residents	138.3	216.	258.	212.
Civilian labor force, no. of residents	1,048.7	106.	106.	107.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	851.7	93.	93.	96.
Nonmfg. only, no. of jobs	682.8	103.	102.	104.
Mfg. only, no. of jobs	167.4	67.	67.	74.
Hrs. worked by production workers in mfg., *ave. weekly*	39.7	98.	98.	92.
Industrial electric power sales	***	69.	70.	61.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	123.8	+ 5.7	+ 87.3
Nonresidential contracts only	148.9	+48.3	+103.4

[1]Allegheny, Beaver, Washington, and Westmoreland Counties.

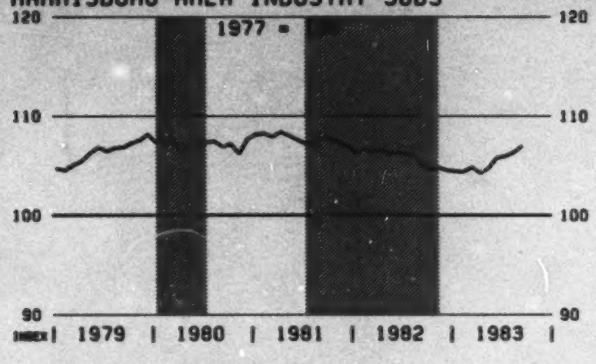
State College Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	46.9	114.	107.	109.
Unemployed, no. of residents	4.9	127.	222.	181.
Civilian labor force, no. of residents	51.8	118.	114.	114.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	44.5	112.	109.	110.
Nonmfg. only, no. of jobs	37.4	112.	108.	109.
Mfg. only, no. of jobs	7.1	110.	110.	113.
Industrial electric power sales	***	96.	94.	85.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	15.1	+18.0	+160.3
Nonresidential contracts only	6.9	−23.3	+430.8

[1]Centre County

HARRISBURG AREA INDUSTRY JOBS



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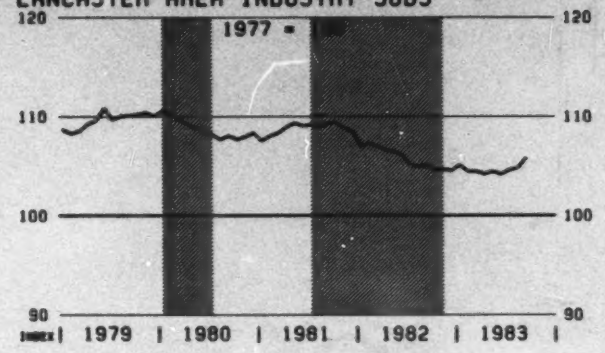
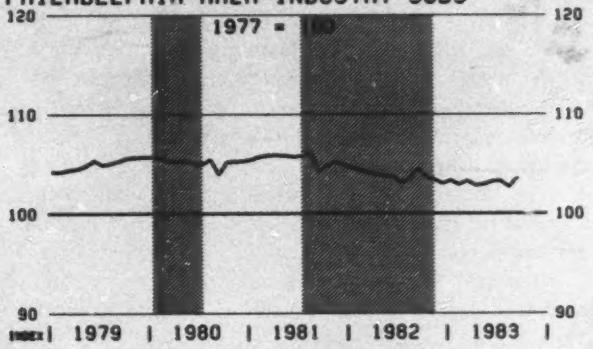
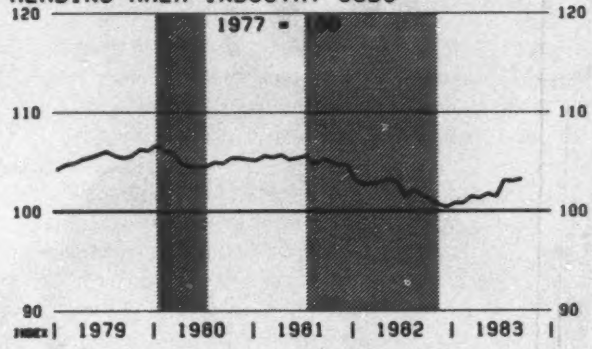


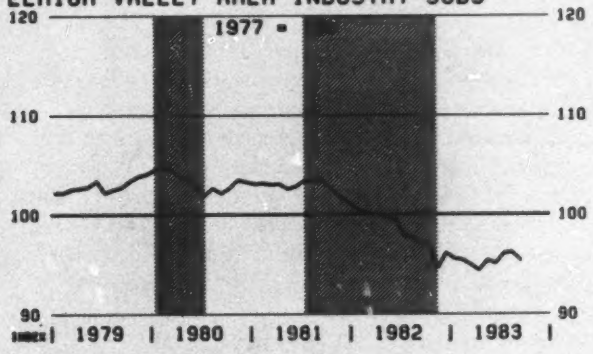
PHILADELPHIA AREA INDUSTRY JOBS



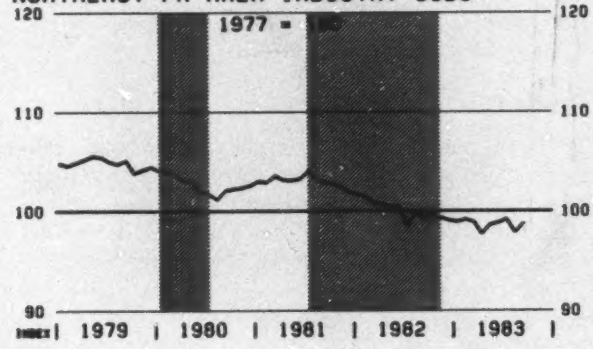
READING AREA INDUSTRY JOBS



LEHIGH VALLEY AREA INDUSTRY JOBS



NORTHEAST PA AREA INDUSTRY JOBS



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